THE NIAGARA PARKS COMMISSION

ANNUAL REPORT

2013

The Niagara Parks Commission

Our Role & Mission

Fireworks over Niagara Parks

Niagara is a region steeped in history and blessed by geography. As steward of one of the world's greatest natural wonders, The Niagara Parks Commission (NPC) plays a key role in maintaining, protecting and showcasing the grandeur of the Falls, while contributing to the economic growth and success of Niagara and Ontario.

As a self-funded agency of the provincial government, NPC is responsible for the maintenance of 1,325 hectares of parkland, stretching some 56 kilometres along the Niagara River from Lake Erie to Lake Ontario.

Our mission remains the same as it was when the Commission was first established in 1885: to preserve and enhance the natural beauty of the Falls and the Niagara River corridor for the enjoyment of visitors while maintaining financial self-sufficiency.

Niagara Parks

An agency of the Government of Ontario since 1885

Ontario

On the cover
Boardwalk at NPC White Water Walk attraction. Christine Hess Photography

The Commissioners **2013**

Janice Thomson, Chair
Appointed Chair November 16, 2011
Term expires November 15, 2015

Joan Andrew, Vice Chair
Appointed Vice Chair December 5, 2012
Term expires May 1, 2015
Appointed Commissioner May 2, 2012
Term expires May 1, 2015

James Detenbeck, Commissioner
Appointed August 1, 2012
Term expires July 31, 2015

David Eke, Commissioner
(Town of Niagara-on-the-Lake nominee)
Appointed January 19, 2011
Term expires November 30, 2014

Lois Anne Giles, Commissioner
Appointed June 20, 2012
Term expires July 19, 2016

Barbara Greenwood, Commissioner
(Regional Municipality of Niagara nominee)
Appointed January 19, 2011
Term expires November 30, 2014

Vincent Kerrio, Commissioner
(City of Niagara Falls nominee)
Appointed April 18, 2007
Term expires November 30, 2014

Douglas Martin, Commissioner
(Town of Fort Erie nominee)
Appointed April 18, 2007
Term expires November 30, 2014

Ian Nielsen-Jones, Commissioner
Appointed June 20, 2012
Term expires July 19, 2016

Kerry Pond, Commissioner
Appointed March 1, 2012
Term expires May 31, 2014

Virginia West, Commissioner
Appointed November 29, 2010
Term expires November 30, 2016

King George VI Statue in Queen Victoria Park

Chair's Message

Renewal, investment and expanded partnerships are words that best describe 2013 for The Niagara Parks Commission, in the 125th anniversary year of the opening of Queen Victoria Park.

Renewal became an early theme for NPC as it entered 2013, when management and staff came together as part of a cross-functional team to review the state of NPC's "front of house" operations. This team visited each of NPC's sites and attractions in order to determine what could be done to improve the overall state of repair and image of Niagara Parks' existing facilities. Excellent work was performed by this multi-layered team and, as a result of their efforts, dramatic improvements and repairs were made to NPC facilities, including the White Water Walk and Whirlpool Aero Car.

During the year, the Commission developed a new strategic plan anchored by a common vision that established corporate goals and objectives that will lead the organization into the future. This was followed by an NPC employee survey, conducted in the summer to gauge staff views and impressions on Niagara Parks and the improvements it had recently initiated. This employee survey, the first to be conducted by Niagara Parks since 2005, has become an important tool in providing greater insight into NPC employee opinions, their job satisfaction and overall work-life balance. The survey results are now being used to develop action plans to improve employee engagement with the goal of achieving strong customer service practices and a high level of productivity by the Commission overall.

In keeping with this theme of renewal, early in the spring, provincial funding in the amount of $2.9 million was made available to The Niagara Parks Commission to undertake additional capital improvements throughout the Park system. Of this, almost $2 million was invested into Niagara Parkway resurfacing, allowing NPC to repair 19 kilometres of this important roadway, with resurfacing taking place almost equally amongst the three communities in which NPC resides (Town of Fort Erie, City of Niagara Falls, Town of Niagara-on-the-Lake).

The balance of provincial funding of almost $1 million was invested in facility repair and maintenance projects to address outstanding issues, some of which were identified by the cross-functional NPC team.

Ontario Minister of Tourism, Culture and Sport, Michael Chan joined NPC Chair Janice Thomson in officially opening the newly renovated NPC Incline Railway on August 8, 2013.

During 2013, rehabilitation work on the Canadian Niagara Power (CNP) Bridge was also completed. A vital transportation span crossing the Niagara Parkway, this special project was a key element in the realization of the overall $50 million provincial and federal infrastructure investment made to establish an integrated tourism transportation system (WEGO) in Niagara.

Construction on this century-old structure began in 1902. Built of stone, steel and concrete, the bridge is made up of five individual spans, each extending just over 90 metres (298 feet) in length. The beautifully crafted stone used in both the piers and archways was sourced from the former Queenston Quarry Company, which was in operation at that time. The architectural masonry stonework of the arched facades is 100 per cent self-supporting, similar to a Roman arch. Given the beauty and history of this overpass, the goal of NPC's rehabilitation work has been not only to repair the structure, but also to preserve the look and historical nature of the beautiful masonry stonework for future generations.

An innovative aspect of the recently completed project is the establishment of a new pedestrian walkway along the CNP weir, former site of the "Ice Drag", an electrically powered locomotive used to remove ice before it could enter the CNP forebay. In August 2013, the Ice Drag, which weighs approximately 16 metric tonnes (35,000 pounds), was removed from the weir and relocated to a site next to the new pedestrian walkway. The novel design of the walkway allows NPC to provide an accessible and breathtaking vantage point for viewing the Niagara River and the Falls.

In August, NPC completed work on a $7 million provincially-funded infrastructure project to replace its existing Falls Incline Railway operation. On August 8, 2013 a public ceremony was held to launch the new fully-accessible system with Michael Chan, Ontario's Minister of Tourism, Culture and Sport in attendance. The rehabilitation of the Falls Incline Railway is an important development for Niagara Parks and Niagara Falls tourism partners, as the new Incline will vastly improve the links and service between Niagara Parks and the Fallsview tourism area, providing year-round access.

The Falls Incline Railway has become an important part of NPC's transportation system. When combined with the integrated tourism transportation system (WEGO), the Incline Railway provides a great service to all those who wish to visit and experience Niagara. NPC's efforts to improve the accessibility of this key access route into the Park were recognized on May 29, 2013 when the Commission received an AccessibleNiagara.com Award during National Access Awareness Week.

These significant infrastructure improvements are an excellent example of the type of partnerships established by Niagara Parks to create the solid infrastructure that is required to support sustainable tourism activities.

Another example of NPC's innovative approach to partnerships is the numerous third party/stakeholder events held on NPC property or in cooperation with Niagara Parks, which helped contribute to tourism activity and promotion of Niagara in 2013.

From February 9 to May 12, NPC was pleased to once again partner with Little Ray's Reptile Zoo of Ottawa to host Venom, a new educational exhibit at its Butterfly Conservatory. Venom offered a true hands-on, learning environment for all. The exhibit included tarantulas, scorpions, highly poisonous toads, rattlesnakes, vipers and one of only two king cobras on display in Canada.

In June, as part of the ongoing activities to commemorate the Bicentennial of the War of 1812, NPC was pleased to work with Parks Canada, The Regional Municipality of Niagara, the Niagara 1812 Legacy Council, the Friends of Laura Secord Group, the Six Nations Legacy Consortium and other local committees and volunteers, to commemorate the 200th anniversary of Laura Secord's famous walk into Canadian history. Working with its partners, several commemorative events, including a 32-kilometre walk were held on June 21 and 22, to mark the life and contributions of Laura Secord. Included among the participants in the ceremonies was Laureen Harper, the wife of Canada's current Prime Minister.

This summer also saw Niagara Parks relaunch its golf training academy in partnership with renowned PGA Tour Instructor Rick Smith at Legends on the Niagara Golf Complex. One of the premier public golf facilities in all of Canada, Legends on the Niagara is committed to growing the game by offering full service training opportunities to its guests, while also promoting the development of junior golf throughout the country.

In August, NPC hosted two South Asian cultural festivals, drawing thousands of visitors to the region to participate and enjoy all that Niagara has to offer. Niagara Parks was pleased to host these two new events, which helped to promote the great cultural diversity that makes not only Canada, but also Niagara and Niagara Parks a great place to live and visit.

On June 21, 2013 NPC Chair Janice Thomson and the Honourable Rob Nicholson, Member of Parliament for Niagara Falls, cut the ceremonial cake commemorating the 200th anniversary of Laura Secord's famous walk into Canadian history.

Popular new events to come to Niagara Parks in 2013 included a five-kilometre "Run or Dye" event where participants were splashed from head to toe in different coloured dyes as they passed through several colour zones located along the Niagara Parkway and into Dufferin Island. This event, the first of its kind within the Parks, garnered tremendous media attention and drew close to 5,000 participants in its first year.

2013 marked the final season of boat tour operations from Niagara Falls, Ontario for the Maid of the Mist Steamboat Company Limited. In February 2012, following an open and transparent procurement process, Niagara Parks announced its selection of a new tour boat provider, Hornblower Niagara Cruises, to begin operations in 2014. While this decision marked the beginning of a new era for Niagara Parks, it builds on what this destination and Niagara Parks is all about: building memories and creating experiences that will last a lifetime. Niagara Parks would like to recognize the operators of the Maid of the Mist Steamboat Company Limited for their many years of service to both the Parks and Niagara's tourism community.

It has been my honour to serve as Chair of the Commission during this, the 125th anniversary of the opening of Queen Victoria Park. Tasked with the stewardship and protection of one of the world's greatest natural wonders, the Commission established Queen Victoria Park as a public asset, to foster the preservation and enjoyment of Niagara Falls for future generations. For over a century now, Queen Victoria Park has been at the very heart of the Niagara Parks system, playing a vital role in preserving the rich heritage and natural beauty of this area, while serving as a gathering place for people from throughout the world.

Since the opening of Queen Victoria Park in 1888, Niagara Parks has been fortunate to have been served by a dedicated group of employees, as well as Commissioners who believe in the significant role and mission of the Parks system and what it represents to all of us.

To my Commission colleagues, I want to thank you for your continued efforts and support of the important mandate and responsibilities with which we have been entrusted. And to the staff, please accept my thanks and that of the Commission Board for all that you do in making Niagara Parks a destination of choice for all those who visit Ontario.

Janice Thomson

Janice Thomson, Chair
The Niagara Parks Commission

Economic Performance **2013**

While modest economic growth continued in 2013, nothing in the tourism sector assists its fortunes more than good weather. An unseasonably mild winter combined with sun and warm temperatures throughout the year, did much to spur the economic fortunes of Niagara Parks in 2012. Unfortunately, the same cannot be said for 2013.

A return to normalcy this past winter, coupled with cool and wet conditions this spring and early summer put a damper on the enthusiasm of potential visitors to the region.

Unforeseen circumstances beyond anyone's control also had a negative and rather frustrating impact on NPC's ability to enhance its revenue generating abilities and opportunities in 2013. Be it elevator difficulties resulting in the closure of NPC's Journey Behind the Falls operations for ten days or lower than expected educational tours attained, the 2013 season will be remembered as one of missed opportunities.

As well, statistics provided by the Ontario Ministry of Tourism, Culture and Sport indicate American visitation to Ontario in 2013 failed to replicate the increases experienced in 2012, as U.S. border crossings into Ontario declined by 3.3 per cent during the year.

While overall American visitation to Ontario has continued to decline, U.S. visitors to the Park continue to represent the largest segment of NPC's visitor mix. According to NPC's recent customer survey, which was conducted during the spring and summer of 2013, over 51 per cent of respondents identified themselves as being a resident of the United States. Even more interesting is the fact many of these U.S. visitors identified themselves as residing in locales outside of the traditional rubber tire market (within one day's drive) of U.S. visitors who traditionally visit NPC sites and attractions.

The strength of the Canadian dollar also continued to draw potential domestic visitors away from Niagara and into the United States. According to the Ministry, over 26 million Canadians returned home from a visit to the United States through an Ontario port of entry, in 2013.

The growth of overseas visitation to Ontario continued to be a bright spot – international visitation rose by 2.8 per cent in 2013, a reflection of the continued growth being experienced in markets such as China, Hong Kong, Taiwan and South Korea.

As a result of these factors, overall revenues generated by the Commission in 2013 reflect lower than expected returns, as revenues from NPC's commercial operations experienced a 1 per cent decline over the fiscal year versus 2012 actuals, or off budget forecast by 5.1 per cent.

Attendance at NPC's attraction venues was also down 3.8 per cent over the fiscal year, resulting in a decline in revenues for the year of less than 0.5 per cent, or off budget by 5.6 per cent for the year. In terms of retail operations, NPC experienced a 0.7 per cent decline in revenues during the fiscal year, or down 2.6 from budgeted forecast. Revenues produced by NPC's culinary operations were also down by 2.7 per cent, or off budgetary forecast by 5.5 per cent.

NPC's golf courses experienced resurgence in 2013 play, as rounds played increased by 15.4 per cent, when compared to 2012. Increased investment in course maintenance, new pricing strategies and additional online marketing and promotional efforts allowed the unit to realize a 4.1 per cent jump in revenues for 2013. Unfortunately, golf still did not meet budgetary forecasts (off by 12.9 per cent), as wet and cool conditions in the spring and early summer led to lower than expected play at both of NPC's signature sites, Legends on the Niagara and the Whirlpool Golf Course.

Following the tremendous public attention and enthusiasm generated by the inaugural activities to commemorate the Bicentennial of the War of 1812, sustained interest in NPC's and this region's heritage sites failed to meet expectations, despite the best efforts and programming developed by Niagara Parks staff and others in the heritage community. Overall, NPC's heritage sites experienced a 7 per cent reduction in attendance over the fiscal year, resulting in revenues generated by the unit being down by just over $100,000 for the year.

Looking ahead, 2014 will usher in a new era in terms of boat tour operations in the lower Niagara River. In preparation for this, NPC and Hornblower Niagara Cruises have been working together on marketing and promotional efforts to achieve a seamless and financially beneficial transition in boat tour operations.

NPC will also be looking to conclude work on a potential new zip line program within the Parks. Working with its preferred proponent, identified through an open procurement process that has been overseen by a Fairness Consultant, NPC will begin the next phase of the procurement process. This will include further due diligence on matters such as the development of the business case and contract for the proposed aerial adventure course and zip line attraction. Further public consultations will be undertaken on the proposed site plans during the detailed design phase of the initiative.

NPC is also working diligently to ensure it is continually meeting the needs of its changing visitor base. In-Park surveys were initiated in 2013 and further research and consumer profiles will be required to ensure NPC delivers on what its visitors want. For example, efforts will be oriented towards matching NPC's vision, mission and strategic direction to the desired experiences and tastes expressed by our visitors.

Fast Facts **2013**

- Overall revenues attained by NPC in 2013 reached $76.5 million, a decrease of $484,000 over the 2012 season.
- Operating expenses for the fiscal year were $72.4 million, including $14.2 million to maintain the gardens, roadways and other infrastructure of the parklands which are enjoyed by local residents and the visiting public at no charge.
- After interest, amortization and power plant stabilization costs have been factored in, NPC recorded a net loss in 2013 of $4.5 million.
- NPC played host to over 3.2 million visitors at its heritage sites, golf courses and attractions in 2013, a decrease of 3.5 per cent over the previous year.
- NPC's strong web presence allowed it to realize an increase in online sales of its popular Adventure Pass, with online sales rising by 56 per cent, or an additional 20,832 units, during 2013.
- In 2013, the integrated WEGO tourism transportation system provided collectively over 1.5 million passenger trips (number of trips taken by pass holders) - of that 1.5 million, 923,964 were trips on NPC's Green Line (57.9% of all trips).
- In 2013, NPC employed 1,680 staff, circulating $36.7 million in payroll into the economy of the Niagara Region.
- In 2013, NPC submitted over $5 million to the government in HST.

The Hornbeam Allée at Niagara Parks Botanical Gardens

NOVEMBER 2012

7TH ANNUAL APPRENTICE COOKS and CHEFS SHOWCASE DINNER

Queenston Heights Restaurant once again hosted this unique dining experience to showcase the talents of Niagara Parks Chefs and Apprentice Cooks. Proceeds raised through the event support the Apprentice Cooks Scholarship, which is awarded each year to a student who has shown outstanding performance.

RED BULL CRASHED ICE EVENT

NPC was pleased to welcome this extreme sporting event to Queen Victoria Park, featuring a picturesque finish line overlooking Niagara Falls. The challenging downhill ice track, which was built on Murray Hill, included steep turns and vertical drops. This unique spectator event drew an audience of approximately 40,000 in the Park, and was broadcast internationally to millions of viewers throughout the world.

DECEMBER 2012

NEW YEAR'S EVE NIAGARA FALLS

Entertainment Tonight, Canada's nationwide broadcaster of this highly anticipated annual free concert, featured performances by Dragonette, Hedley and Nelly Furtado, with two spectacular fireworks displays over Niagara Falls. Event organizers estimated attendance at the concert exceeded 40,000 people.

JANUARY

PROJECT TREE-CYCLE 2013

During this annual event held at the Niagara Parks Botanical Gardens, free wood mulch from recycled Christmas trees collected through the Niagara regional waste program was offered to area residents.

FEBRUARY

VENOM EXHIBIT

From February to May, the Niagara Parks Butterfly Conservatory presented Venom, a new family-friendly educational exhibit de-

FEBRUARY

VENOM EXHIBIT

signed for the kid in us all. Kevin Dungey, or "Caiman Kevin", returned to the Conservatory to lead daily educational programming and interactive sessions for the public in his unique and captivating style. The exhibit included tarantulas, scorpions, highly poisonous toads, rattlesnakes, vipers and one of only two king cobras on display in Canada.

HERITAGE WEEK EXHIBIT

Costumed NPC Heritage staff set up informative displays at the Table Rock Complex in celebration of Heritage Week in Ontario and to help generate increased visitor awareness of the Bicentennial of the War of 1812.

MARCH

'THE BLOODY ASSIZES' THEATRICAL PERFORMANCE

Presented by NPC and Parks Canada, the Bloody Assizes was an evening of entertainment featuring live music and interactive humour, highlighting the tensions between early Upper Canadian colonists caught in politics of the War of 1812.

WORLD WILDLIFE FUND'S EARTH HOUR

NPC and the Niagara Falls Illumination Board once again participated in the World Wildlife Fund's global Earth Hour initiative by switching off the evening Illumination of the Falls and all non-essential lighting throughout the Park, as a symbolic gesture to help raise awareness and support for action on the issue of climate change.

APRIL

"UP IN A BALLOON" THEATRICAL PERFORMANCE AT OLD FORT ERIE

NPC's Old Fort Erie was pleased to play host to this special performance of the Dominion Repertory Theatre. Written and performed by New York actress and Ridgeway native Karen McDonald, "Up in a Balloon" provided a nostalgic look at the career of famous Broadway star, Fay Templeton.

4TH ANNUAL EARTH DAY EVENT WITH FRIENDS OF THE NIAGARA GLEN

The Friends of the Niagara Glen and partners gathered to raise awareness of their conservation efforts. The event included tree plantings, geocaching demonstrations and guided hiking tours.

MAY

COMMUNITY TREE PLANTING EVENT

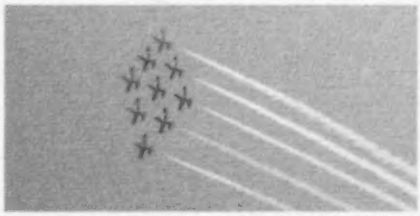
In partnership with Trees Ontario, community members were invited to participate in this reforestation project and to learn about the benefits of trees, shade and green urban spaces.

MAY

125TH ANNIVERSARY OF QUEEN VICTORIA PARK

Commemorative weekend events included a public rededication ceremony and cake cutting, a free public exhibit of NPC prints depicting the life of Queen Victoria and early photos of Queen Victoria Park, as well as a special performance by the Mantini Sisters on the Queen Victoria Park Stage.

CANADIAN FORCES SNOWBIRDS FLY OVER NIAGARA FALLS



As part of Queen Victoria Park's 125th anniversary celebrations, Canada's iconic military jet demonstration team, the Canadian Forces Snowbirds, performed a 25-minute air show over Niagara Falls. The event allowed spectators to witness the military precision of all nine Canadian Forces Tutor aircraft flying in perfect unison, only inches apart, right above the mighty cataracts of Niagara.

JUNE

NIAGARA FALLS WOMEN'S HALF MARATHON

This popular half marathon event returned to Niagara Parks, inviting participants to run or walk along the scenic Niagara Parkway, with Niagara Falls serving as an inspiring backdrop.

RAGNAR RELAY NIAGARA

This unique relay race took place over two days, with teams running from Cobourg to Niagara Falls.

JUNE

200TH ANNIVERSARY OF LAURA SECORD'S HEROIC WALK - JUNE 22, 1813

Canadian heroine Laura Secord, who warned of an imminent enemy attack on Canada during the War of 1812, was commemorated through several events, including a special coin and stamp unveiling by Canada Post and the Royal Canadian Mint.

'THE HONOURING' PERFORMANCE AT OLD FORT ERIE

During the Fort Erie Friendship Festival, the Six Nations Kaha:wi Dance Theatre shared their unique form of story-telling from the perspective of First Nations people as part of the Niagara 1812 Legacy Council and NPC's efforts to bring the story of the War of 1812 to life.

JULY

ANNUAL BATTLE OF CHIPPAWA MEMORIAL SERVICE

NPC hosted the annual commemorative ceremony held in honour of the opening engagement of the Niagara campaign of July 5, 1814, the longest and bloodiest military operation of the War of 1812.

NIAGARA FALLS ILLUMINATED BLUE

In celebration of the birth of His Royal Highness Prince George, Niagara Falls was illuminated in blue on July 22 and 23.

JULY

SOUTH ASIAN FESTIVAL and BHANGRA DANCE COMPETITION AT QUEEN VICTORIA PARK

Niagara Parks hosted two South Asian cultural festivals in the summer of 2013, celebrating music, entertainment, arts and cuisine.

AUGUST

MACKENZIE PRINTERY'S "SIMCOE DAYS"

The Mackenzie Printery hosted "Simcoe Days" to teach visitors how the nation's oldest printing press helped individuals such as Ontario's first Lieutenant Governor, John Graves Simcoe, shape Upper Canada.

THE SIEGE OF FORT ERIE

Canada's largest annual battle re-enactment weekend portrayed the excitement and drama of the War of 1812. This action-packed schedule of events drew thousands of participants and history enthusiasts to NPC's Old Fort Erie.

FALLS INCLINE RAILWAY GRAND RE-OPENING

A ribbon-cutting ceremony on August 8 was attended by Ontario Minister of Tourism, Culture and Sport, Michael Chan, NPC Chair, Janice Thomson and then Member of Provincial Parliament Kim Craitor. The fully redesigned Falls Incline Railway is now fully accessible and will operate year-round.

SEPTEMBER

MAJESTIC MONARCHS EVENT

The Niagara Parks Butterfly Conservatory held a special event highlighting the amazing migration of the Monarch Butterfly featuring educational presentations and tagging demonstrations.

GRANFONDO NIAGARA FALLS

One of Canada's largest cycling events took riders along a picturesque route through the region's rolling country roads and beautiful vineyards to finish where the event started in Queen Victoria Park, home of the majestic Niagara Falls.

RUN OR DYE 5K FUN RUN

Participants of this unique 5K running experience were blasted from head to toe in different colour dyes as they passed through unique "colour zones" located each kilometre along their journey, making this event one of the most colourful and fun events held within Niagara Parks in 2013.

OCTOBER

AJAC 'TESTFEST' EVENT

The Automobile Journalists Association of Canada brought their TestFest event to Niagara Parks for the first time in 2013. Accredited automotive journalists tested and rated new vehicle models on closed track courses located at the Legends on the Niagara Golf Complex and Rapidsview Parking Lot.

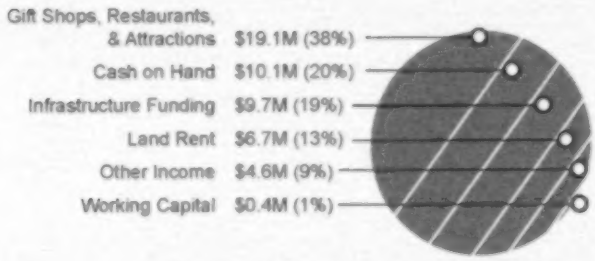
NIAGARA FALLS INTERNATIONAL MARATHON

The Niagara Parkway once again hosted the only marathon in the world that starts in one country and finishes in another.

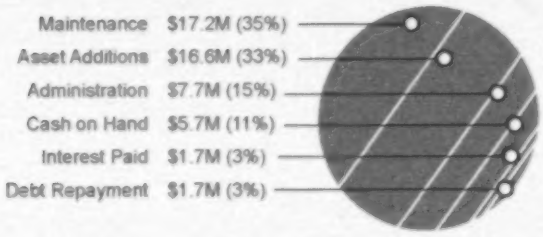
White Water Walk Attraction

Business Climate **2013**

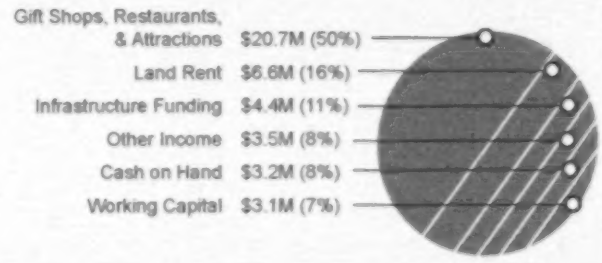
Where the Commission's Dollars Came From 2013 ($Million)


Gift Shops, Restaurants, & Attractions $19.1M (38%)
Cash on Hand $10.1M (20%)
Infrastructure Funding $9.7M (19%)
Land Rent $6.7M (13%)
Other Income $4.6M (9%)
Working Capital $0.4M (1%)

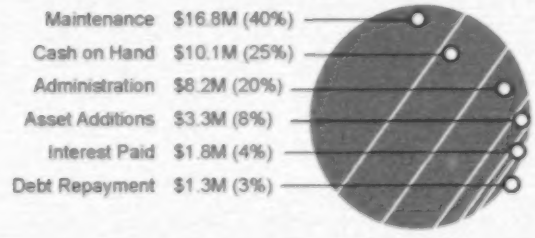
Where the Commission's Dollars Went 2013 ($Million)



Where the Commission's Dollars Came From 2012 ($Million)


Gift Shops, Restaurants, & Attractions $20.7M (50%)
Land Rent $6.6M (16%)
Infrastructure Funding $4.4M (11%)
Other Income $3.5M (8%)
Cash on Hand $3.2M (8%)
Working Capital $3.1M (7%)

Where the Commission's Dollars Went 2012 ($Million)



Comparative Performance – Gift Shops, Restaurants, and Attractions ($`000)

	2013	% Of Sales	2012	% Of Sales
Income	$66,621	100	$67,283	100
Cost of Goods Sold	11,087	17	11,112	17
Gross Profit	$55,534	83	$56,171	83
Operating Expenditures	36,447	55	35,493	53
Net Income Before Administrative Overhead and Depreciation	$19,087	28	$20,678	30

Journey Behind the Falls

2013 NPC Attendance

Paid Attractions	2013	2012	Increase or (Decrease)
Maid of the Mist Elevator	1,552,349	1,588,639	(36,290)
Journey Behind the Falls	689,535	738,862	(49,327)
Butterfly Conservatory	283,139	291,940	(8,801)
Whirlpool Aero Car	113,343	92,822	20,521
White Water Walk	201,322	199,443	1,879
Sir Adam Beck	11,766	16,013	(4,247)
Niagara's Fury	266,113	317,106	(50,993)
Floral Showhouse	21,273	18,687	2,586
Total	**3,138,840**	**3,263,512**	**(124,672)**
Golf			
Oak Hall Par 3 Golf Course	2,034	2,806	(772)
Whirlpool Golf Course	27,079	27,258	(179)
Legends on the Niagara	50,795	39,179	11,616
Total	**79,908**	**69,243**	**10,665**
Historic Sites			
Old Fort Erie	14,276	18,042	(3,766)
Laura Secord Homestead	6,480	6,252	228
Mackenzie Printery	4,667	2,809	1,858
McFarland House	2,952	3,410	(458)
Total	**28,375**	**30,513**	**(2,138)**
Transportation			
Peoplemover		344,397	(344,397)
*WEGO Transportation Service	923,964	127,285	796,679
**Falls Incline Railway	213,766	614,898	(401,132)
Total	**1,137,730**	**1,086,580**	**51,150**
TOTAL	**4,384,853**	**4,449,848**	**(64,995)**

* NPC Green Line WEGO service replaced former Peoplemover system. NPC also instituted WEGO service to Niagara-on-the-Lake, from June 23rd to October 14th 2013.

** NPC's new Falls Incline Railway resumed operation on August 20, 2013. Incline usage in 2013 was assumed as follows: Sales for a 1 way pass were counted as 1, while sales of 2 way and all day pass were counted as 2.

Niagara Parks

MANAGEMENT REPORT
October 31, 2013

The Management of The Niagara Parks Commission are responsible for the financial statements and all other information presented in these statements. The statements have been prepared by management in accordance with the framework identified in note 2 in the accompanying audited financial statements.

The financial statements include amounts based on best estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the statements are presented fairly, in all material respects.

Management maintains a system of internal accounting and administrative control that is designed to provide reasonable assurance that the financial information is relevant, reliable, accurate and that the Commission's assets are properly accounted for and adequately safeguarded.

The Board of The Niagara Parks Commission is responsible for gaining assurance that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

The Board, through the Audit and Finance Committee, meets periodically with Management to discuss financial results, auditing matters, financial reporting issues and to satisfy itself that each group is properly discharging responsibilities. The Committee reviews the financial statements before recommending approval by the Board.

The financial statements have been audited by Grant Thornton LLP, the Commission's appointed External Auditor and in accordance with Canadian generally accepted auditing standards on behalf of the Commission, Minister of Tourism, Culture and Sport and the Provincial Auditor General. Grant Thornton LLP had direct and full access to all Commission records as well as full access to the Finance and Audit Committee with and without the presence of management to discuss their audit and findings as to the integrity of the Commission's financial reporting.

John Lohuis
General Manager
February 14, 2014

Margaret Neubauer
(A) Senior Director, Corporate Services
February 14, 2014

AUDITORS' REPORT
To The Niagara Parks Commission, the Minister of Tourism, Culture and Sport and the Auditor General

We have audited the accompanying financial statements of The Niagara Parks Commission, which comprise the statement of financial position as at October 31, 2013, and the statements of operations, changes in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements have been prepared by management in accordance with the basis of accounting described in Note 2 to the financial statements.

Management's responsibility for the financial statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting described in Note 2 to the financial statements, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of The Niagara Parks Commission as at October 31, 2013, and the results of its operations, changes in net debt and cash flows for the years then ended in accordance with the basis of accounting described in Note 2 to the financial statements.

Basis of accounting
Without modifying our opinion, we draw attention to Note 2 to the financial statements which describes that basis of accounting. The financial statements are prepared to assist The Niagara Parks Commission to comply with the financial reporting provisions in the Province of Ontario Ministry of Tourism Memorandum of Understanding and Regulation 395/11 to the Ontario Financial Administration Act. As a result, the financial statements may not be suitable for another purpose.

Port Colborne, Canada
February 14, 2014

Grant Thornton LLP
Chartered Accountants
Licensed Public Accountants

STATEMENT OF FINANCIAL POSITION

As at October 31
(in thousands of dollars)

	2013	2012
Financial assets		
Cash and cash equivalents	$ 5,654	$ 10,110
Accounts receivable	3,579	1,904
Inventories – saleable	3,282	3,583
	12,515	15,597
Liabilities		
Accounts payable	7,866	6,319
Accrued payroll	2,834	2,440
Deferred revenue (Note 3)	1,370	1,396
Deferred capital funding (Note 4)	22,590	12,887
Long term financing (Note 5)	31,971	33,676
Post-employment benefits (Note 6)	4,105	3,933
Power plant stabilization obligation (Note 7)	28,087	27,497
	98,823	88,148
Net debt	(86,308)	(72,551)
Non-financial assets		
Tangible capital assets (Note 8)	158,486	149,349
Inventories – other	1,312	1,071
Prepaid expenses	183	267
	159,981	150,687
Accumulated surplus (Note 9)	$ 73,673	$ 78,136

Commitments and contingencies (Notes 11 and 12)

On behalf of the Commission

Chair Commissioner

See accompanying notes to the financial statements

STATEMENT OF OPERATIONS
For the Year Ended October 31, 2013
(in thousands of dollars)

	Budget 2013	Actual 2013	Actual 2012
Revenues			
Revenue producing operations	$ 70,232	$ 66,621	$ 67,283
Land rent	6,689	6,678	6,629
Commission, rentals and fees	2,773	2,867	2,756
Premium on United States funds – net	50	226	29
Sundry revenue	100	120	299
	79,844	76,512	76,996
Expenses (Page 20)			
Revenue producing operations			
Cost of goods sold	11,087	11,087	11,112
Operating	33,526	33,239	31,949
Maintenance	14,652	14,158	13,736
Administrative and police	11,155	10,668	11,157
Marketing and promotion	3,854	3,208	3,544
	74,274	72,360	71,498
Net surplus for the year before undernoted items	5,570	4,152	5,498
Other items			
Interest expense – net (Note 13)	1,706	1,660	1,769
Amortization of tangible capital assets (Note 14)	7,702	7,755	7,459
Amortization of deferred capital funding (Note 4)	(689)	(708)	(449)
Loss (gain) on disposal of tangible capital assets		460	(2)
Contributed assets		(1,085)	
	8,719	8,082	8,777
Net deficit from operations	(3,149)	(3,930)	(3,279)
Net increase in power plant stabilization obligation (Note 7)	(665)	(590)	(638)
Other capital funding		57	120
Annual deficit	(3,814)	(4,463)	(3,797)
Accumulated surplus			
Beginning of year	78,136	78,136	81,933
End of year	$ 74,322	$ 73,673	$ 78,136

See accompanying notes to the financial statements.

STATEMENT OF CHANGES IN NET DEBT

For the Year Ended October 31, 2013
(in thousands of dollars)

	Budget 2013	Actual 2013	Actual 2012
Annual deficit	$ (3,814)	**$ (4,463)**	$ (3,797)
Amortization of tangible capital assets	7,702	**7,755**	7,459
Acquisition of tangible capital assets (Note 16)	(17,000)	**(16,560)**	(3,302)
Contributed tangible capital assets		**(849)**	
Proceeds from the sale of tangible capital assets		**57**	74
Loss (gain) on sale of tangible capital assets – net		**460**	(2)
	(13,112)	**(13,600)**	432
Use (acquisition) of prepaid expenses		**84**	(112)
(Acquisition) use of other inventories		**(241)**	524
Increase (decrease) in net debt	(13,112)	**(13,757)**	844
Net debt			
Beginning of year	(72,551)	**(72,551)**	(73,395)
End of year	$ (85,663)	**(86,308)**	$ (72,551)

See accompanying notes to the financial statements.

Niagara Parks
An agency of the Government of Ontario since 1885

STATEMENT OF CASH FLOWS
For the Year Ended October 31, 2013
(in thousands of dollars)

	2013	2012
Increase (decrease) in cash and cash equivalents		
Operating activities		
Annual deficit	$ (4,463)	$ (3,797)
Charges against income not requiring an outlay of funds		
Amortization of tangible capital assets	7,755	7,459
Amortization of deferred capital funding	(708)	(449)
Loss (gain) on disposal of tangible capital assets – net	460	(2)
Contributed tangible capital assets	(849)	
Post-employment benefits	411	390
Increase in power plant stabilization obligation – net	590	638
	3,196	4,239
Net change in non-cash working capital balances related to operations (Note 15)	384	3,093
	3,580	7,332
Capital activities		
Acquisition of tangible capital assets (Note 16)	(16,560)	(3,302)
Proceeds from sale of tangible capital assets	57	74
	(16,503)	(3,228)
Financing activities		
Issue of long term financing		176
Repayment of long term financing	(1,705)	(1,456)
Cash outlay related to post-employment benefits	(239)	(326)
Receipt of capital funding	10,411	4,434
	8,467	2,828
Net (decrease) increase in cash and cash equivalents	(4,456)	6,932
Cash and cash equivalents		
Beginning of year	10,110	3,178
End of year	$ 5,654	$ 10,110

See accompanying notes to the financial statements.

1. Nature of operations

The Niagara Parks Commission (the "Commission") is governed by the Niagara Parks Act. Initially established in 1885, the Commission is an "Operational Enterprise" of the Province of Ontario and is responsible for maintaining, protecting and showcasing over 1,300 hectares of parkland stretching some 56 kilometres along the Niagara River from Lake Erie to Lake Ontario. The Commission is exempt from corporate income taxes under the Income Tax Act (Canada) and Ontario Corporation Tax Act.

The Commission is also classified as an Other Government Organization by the Ministry of Finance and as such, the Commission's audited financial statements are published as part of the Public Accounts.

2. Significant accounting policies

Basis of accounting

These financial statements have been prepared in accordance with the financial reporting provisions in the Province of Ontario Ministry of Tourism Memorandum of Understanding and the Regulation 395/11 to the Ontario Financial Administration Act. The significant accounting principles used in the preparation of these financial statements are in line with the accounting standards established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA) and Regulation 395/11 to the Ontario Financial Administration Act.

The significant accounting principles used in the preparation of these financial statements are summarized below.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and short term deposits with maturities of less than three months.

Inventories

Saleable and other inventories are valued at the lower of average cost and net realizable value.

Tangible capital assets

Tangible capital assets are recorded at cost. Cost includes all directly attributable expenses in the acquisition, construction, development and/or betterment of the asset required to install the asset at the location and in the condition necessary for its intended use. Contributed tangible capital assets are capitalized at estimated fair value upon acquisition.

The Commission capitalizes an amount of interest as part of the costs of its capital works in progress and financed via long term financing.

Works of art for display in the Commission property are not included as capital assets. Works of art are held for exhibition, educational and historical interest. Such assets are deemed worthy of preservation because of the social rather than financial benefits they provide to the community. No valuation of the collection has been disclosed in the financial statements.

Leases are classified as capital or operating leases. Leases that transfer substantially all benefits incidental to ownership are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

Amortization is calculated on a straight-line basis to write-off the net cost of each asset over its estimated useful life for all classes except land. Land is considered to have an infinite life without amortization. Residual values of assets are assumed to be zero with any net gain or loss arising from the disposal of assets recognized in the Statement of Operations. Amortization is charged on a monthly basis. Assets under construction are not amortized until the asset is available for productive use.

Amortization is based on the following classifications and useful lives:

Classification	Useful Life
Land improvements, buildings, roadways and structures	7 to 40 years
Equipment and furnishings	3 to 10 years
Vehicles	10 to 12 years

2. Significant accounting policies (continued)

Deferred revenue

Revenue that is restricted by legislation of senior governments or by agreement with external parties are deferred and reported as restricted revenues. When qualifying expenses are incurred, restricted revenues are brought into revenue at equal amounts. Revenues received in advance of expenses that will be incurred in a later period are deferred until they are earned by being matched against those expenses.

Deferred capital funding

Government transfers for capital purposes are recorded as a liability, referred to as deferred capital funding and are recognized into revenue at the same rate as the related tangible capital assets are amortized, in accordance with Regulation 395/11 to the Ontario Financial Administration Act, as disclosed above.

Post-employment benefits

The present value of the cost of providing employees with future benefit programs is expensed as employees earn these entitlements.

Revenue recognition

Revenue from gift shops, restaurants and attractions are recognized when merchandise has been transferred to the customer or services have been rendered. Revenue from land rent, commissions, rentals, fees and sundry are recognized over the life of the agreement or when earned.

Foreign currency translation

These financial statements are presented in Canadian dollars. Assets and liabilities denominated in foreign currencies are translated at the exchange rates in effect at the Statement of Financial Position date. Gains and losses on translation are reflected in the annual surplus/deficit.

Use of estimates and measurement uncertainty

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Two areas in which estimates are used are with regards to post-employment benefits and the power plant stabilization obligation.

3. Deferred revenue

	2013	2012
	(in thousands of dollars)	
Defunct power stations (Note 7)	$ 215	$ 215
Sale proceeds related to Fort Erie land transaction	492	548
Other	663	633
	$ 1,370	$ 1,396

Fort Erie land transaction obligation

In fiscal 2009, the Commission and the Peace Bridge Authority ("PBA") entered into an agreement to transfer parcels of land. The PBA acquired a 5.952 acre parcel located in Fort Erie from the Commission for $ 2,021,206. The Commission acquired an option for $ 670,000 plus an annual sum of $ 7,300 adjusted for inflation, to receive 1.973 acres of river front property located at the end of Jarvis Street in Fort Erie from the PBA. The agreement calls for the net proceeds to the Commission in the amount of $ 1,351,206 to be spent on a) funding improvements at Old Fort Erie which are intended for the 200th year anniversary of the War of 1812 and b) returning and/or maintaining the Jarvis Street property as parkland.

The net proceeds were recorded as part of deferred revenue on the Statement of Financial Position. To date approximately $ 812,000 from these proceeds have been spent on the capital works project for the renovation of Historic Fort Erie and approximately $ 47,000 has been spent on the Jarvis Street property maintenance. As of October 31, 2013, approximately $ 492,000 remains for use in 2014 and beyond.

4. Deferred capital funding

	2013	2012
	(in thousands of dollars)	
Deferred capital funding		
Beginning of year	$ 12,887	$ 8,902
Received during year for the following capital projects:		
Incline railway replacement	3,000	4,000
Road resurfacing	2,000	
Bridge rehabilitation	3,939	
Other capital projects	1,472	434
	10,411	4,434
Amortization	(708)	(449)
End of year	$ 22,590	$ 12,887

5. Long term financing

	2013	2012
	(in thousands of dollars)	
Unsecured fixed rate term loan requiring blended payments of principal and interest of $ 2,640,907 per annum, bearing interest at 5.06% through to April, 2027	$ 26,107	$ 27,364
Unsecured fixed rate term loan requiring blended first annual payment of $ 543,418 and then payments of $ 569,965 per annum thereafter, bearing interest at 5.07% through to April, 2027	5,754	6,019
Unsecured note payable, repaid during the year		176
Unsecured note payable, repaid during the year The Commission has an option to purchase land requiring annual payments of $ 7,300 until January, 2028 (Note 3)	110	117
	$ 31,971	$ 33,676

The principal payments of the long term financial obligations due in the next five fiscal periods are as follows:

2014	$ 1,606
2015	1,695
2016	1,772
2017	1,861
2018	1,955

6. Post-employment benefits

Defined termination benefits

The Commission provides a defined employee future benefit, payable on termination to certain full time employees with a minimum of five years of service. The benefit is calculated on the basis of one week's remuneration, at the time of termination, for every year of full time service provided to the Commission to a maximum of twenty-six weeks. The accrued benefit liability as at October 31, 2013 is $ 4,105,056 (2012 - $ 3,933,356).

The Commission requires that an actuarial valuation of the post-employment benefits be conducted every three years. The last valuation was completed for the year ending October 31, 2010 with extrapolations for 2011, 2012 and 2013.

As a result of an actuarial valuation conducted in 2010 for the year ending October 31, 2010, it was determined that an actuarial gain of $ 140,884 existed. The actual obligation as at October 31, 2013 is $ 3,964,373 (2012 - $ 3,792,472). Since the actuarial gain is less than 10% of the actual obligation, no minimum amortization has been recorded for the year.

6. Post-employment benefits (continued)

Defined benefit plan information	**2013**	2012
	(in thousands of dollars)	
Employee benefit plan assets	**$ Nil**	$ Nil
Employee benefit plan liabilities	**4,105**	3,933
Employee benefit plan deficit	**$ 4,105**	$ 3,933
Benefit obligation recognized on the Statement of Financial Position		
Benefit obligation, beginning of year	**$ 3,933**	$ 3,869
Expense for the year	**411**	390
Benefits paid during the year	**(239)**	(326)
Benefit obligation, end of year	**$ 4,105**	$ 3,933
The net benefit expense is as follows:		
Current service cost	**$ 222**	$ 207
Interest cost	**189**	183
	$ 411	$ 390

The main actuarial assumptions applied in the valuation of the defined benefit plan are as follows:
Interest (discount) rate – the accrued obligation and the expense for the year were determined using a discount rate of 5%.
Salary levels – future salary and wage levels were assumed to increase at 3% per annum.
These assumptions will be reviewed with the next actuarial valuation in fiscal 2014.

Pension benefits

The Commission provides pension benefits for all its permanent employees (and to non-permanent employees who elect to participate) through the Public Service Pension Fund ("PSPF") and the Ontario Public Service Employees' Union Pension Fund ("OPSEU Pension Fund"). These are defined benefit pension plans for employees of the Province and many provincial agencies. The Province of Ontario, which is the sole sponsor of the PSPF and a joint sponsor of the OPSEU Pension Fund, determines the Commission's annual payments to the funds. As the sponsors are responsible for ensuring that the pension funds are financially viable, any surpluses or unfunded liabilities arising from statutory actuarial funding valuations are not assets or obligations of the Commission. The Commission's annual payments of $ 2,160,074 (2012 - $ 2,018,061), of which $ 1,080,037 (2012 - $ 1,009,030) represents the employees' portion, are included in the administrative and police expense on the Statement of Operations.

The cost of post-employment, non-pension benefits are paid by the Province and therefore are not included in the Statement of Operations.

7. Power plant stabilization obligation

The Province of Ontario directed the Commission to accept ownership of three former electricity generating power stations all located within Commission lands.

The Toronto Power Generating Station ("TPGS") and the Ontario Power Generating Station ("OPGS") were transferred by Ontario Power Generation Inc. ("OPG") to the Commission at no cost in August, 2007. As part of the terms of transfer of TPGS and OPGS, OPG was to undertake certain structural and environmental work to ensure that the buildings were no threat to the public. The Canadian Niagara Power Generating Station ("CNPGS") previously owned by Fortis Ontario was transferred April 30, 2009.

The Ministry of Tourism engaged the services of an architectural firm (The Ventin Group Inc.) to ensure that the original Government Directive governing the initial transfer was complied with and to identify work and related costs required to "stabilize and mothball" all the facilities until an ultimate use for the buildings can be determined. The Ventin Group identified the remaining lead paint at the TPGS and OPGS as a deficiency which OPG should have resealed or encapsulated after cleaning. The Ventin Group reported that there are substantial costs required to bring the three power stations to what would be considered a "mothball" state. Therefore, additional costs would be required to bring these buildings to a "development ready" state. Further, there are in existence certain secondary structures related to TPGS and OPGS that were not accounted for in the original Government Directive that will result in additional remediation costs at some point in the future.

7. Power plant stabilization obligation (continued)

The Commission is of the belief that the acceptance of these power generating stations will require a significant infusion of funds that is beyond its capacity to meet. As at October 31, 2013, ongoing negotiations with the Province have not resulted in any assurance that the Commission will not be responsible for any future costs. Any costs that are expected to be incurred for the purposes described above will not commence without funding received from the Province.

An asset retirement obligation of $ 25,146,000 as of October 31, 2009 was calculated. This value represented the Commission's best estimate of the costs required to "stabilize and mothball" the three power stations based on an engineer report. The report also identified contingency costs of approximately $ 3,600,000 which was not accrued in the asset retirement obligation at that time. The Commission estimates that this work could take approximately three to four years to complete. In order to determine the net present value of the asset retirement obligation, staff have estimated that, subject to financing being received from the Province, work will not commence for several years. It is estimated that the work may commence in 2016. The cost of capital and the rate of inflation estimated over the course of the calculation was 5.059% and 3%, respectively. This results in a net present value of $ 23,047,707 as at October 31, 2013. This is an increase of $ 464,978 from 2012 and has been recorded in the Statement of Operations.

Two additional studies were completed during the year ended October 31, 2010 which identified an additional liability involved with the "stabilization and mothball" process. The first report identified an additional $ 6,305,000 for external/infrastructure work that is required. The second study identified an additional $ 1,260,000 related to additional costs to stabilize the roofs of the buildings. Together these two reports equal an increase of $ 7,565,000. As previously mentioned it is estimated this work will not commence until 2016 and correspondingly another calculation for the net present value of this additional liability was performed using a cost of capital of 5.059% and inflation rate of 2% respectively. This results in net present value of $ 6,741,885 as at October 31, 2013 for this portion of the liability. This is an increase of $ 200,113 from 2012 and has also been recorded in the Statement of Operations.

	2013	2012
	(in thousands of dollars)	
Power plant stabilization obligation		
Beginning of year	**$ 27,497**	$ 26,859
Current year increase in present value of original obligation	**665**	650
Actual work performed during year	**(75)**	(12)
Net increase in power plant stabilization obligation	**590**	638
End of year	**$ 28,087**	$ 27,497

A capital asset has not been recorded for these properties as there is an impairment in their value, which has been documented in the various studies carried out to date.

As at October 31, 2009, the Commission had received $ 1,550,000 in funding from the Ministry of Tourism to assist in the "stabilizing and mothball" process. Approximately $ 215,000 of this funding remains for use in 2014 and beyond. The actual work performed in 2013 was funded from other grants received from the Province.

The Commission has incurred annual costs related to maintenance and security for all sites and has recorded them in the Statement of Operations and are included in the maintenance expense.

8. Tangible capital assets

			2013	2012
			(in thousands of dollars)	
	Cost	Accumulated Depreciation	**Net Book Value**	Net Book Value
Land	$ 14,359		**$ 14,359**	$ 14,359
Land improvements	17,135		**17,135**	17,135
Buildings, roadways and structures	214,033	$ 98,336	**115,697**	110,108
Equipment and furnishings	40,605	35,646	**4,959**	5,170
Vehicles	3,800	3,103	**697**	717
	289,932	137,085	**152,847**	147,489
Capital works in progress	5,639		**5,639**	1,860

8. Tangible capital assets (continued)

			2013	2012
	$ 295,571	$ 137,085	**$ 158,486**	$ 149,349
Equipment under capital lease included above	$ 69	$ 42	**$ 27**	$ 34

9. Accumulated surplus

	2013	2012
	(in thousands of dollars)	
Operating surplus	**$ 1,940**	$ 6,780
Investment in tangible capital assets	**135,896**	136,462
Unfunded		
Long term debt	**(31,971)**	(33,676)
Post-employment benefits	**(4,105)**	(3,933)
Power plant stabilization obligation	**(28,087)**	(27,497)
	(64,163)	(65,106)
Accumulated surplus	**$ 73,673**	$ 78,136

Surplus funds

Pursuant to Section 16(2) of the Niagara Parks Act, any surplus moneys shall, on the order of the Lieutenant Governor in Council, be paid to the Minister of Finance and shall form part of the consolidated revenue fund. As of October 31, 2013 no surplus moneys have been recorded as a liability to the Minister of Finance.

10. Credit facilities

The credit facilities, which have a maximum borrowing capacity of $ 15,000,000, provide for two types of loans. There is a variable rate option which varies with the Canadian Imperial Bank of Commerce prime rate and there is a fixed rate operating loan facility available with a maximum term not to exceed 364 days at rates which are set relative to banker's acceptance rates. These credit facilities are unsecured and expire on October 31, 2014. As at October 31, 2013, $ Nil has been drawn upon for all credit facilities (2012 – $ Nil).

11. Commitments

The Commission has committed to approximately $ 600,000 in capital works projects in the next year.

The Commission has two agreements with a franchisor requiring the payment of service fees of 4% of gross sales and advertising and marketing fees of 2.5% of gross sales. The terms of the agreements are 10 years, expiring in 2016 and 2022. In addition, the Commission has an agreement to lease related equipment from the franchisor, at a rental fee ranging from 1% to 4% of gross sales depending on the level of sales. The Commission has the option to purchase said equipment for a price equal to the unamortized value.

The Commission leases vehicles, equipment and premises under operating leases expiring in 2017. The total obligation under operating leases amounts to approximately $ 200,000. Lease payments due in the next four fiscal periods are as follows:

2014	$ 173
2015	9
2016	9
2017	9

12. Contingencies

The Commission is in litigation pertaining to certain claims for which the likelihood of loss is not determinable and the amount not reasonably estimable. Accordingly, no provision for these claims is reflected in the financial statements.

13. Interest expense – net

	Budget 2013	Actual 2013	Actual 2012
	(in thousands of dollars)		
Interest revenue	$ (20)	$ (43)	$ (30)
Loan interest expense	1,726	1,703	1,799
	$ 1,706	$ 1,660	$ 1,769

14. Amortization of tangible capital assets

	Budget 2013	Actual 2013	Actual 2012
	(in thousands of dollars)		
Amortization of income producing assets	$ 4,353	$ 4,432	$ 4,275
Amortization of non-income producing assets	3,349	3,323	3,184
	$ 7,702	$ 7,755	$ 7,459

15. Statement of cash flows

	2013	2012
	(in thousands of dollars)	
Changes in working capital components include		
Accounts receivable	$ (1,675)	$ 1,901
Inventories	60	1,118
Accounts payable and accrued payroll	1,941	361
Deferred revenue	(26)	(175)
Prepaid expenses	84	(112)
	$ 384	$ 3,093
Interest received	$ 43	$ 30
Interest paid	$ 1,703	$ 1,799

16. Acquisition of tangible capital assets

During the year, tangible capital assets were acquired at an aggregate cost of $ 16,560,754 (2012 - $ 3,302,000) of which $ 849,220 (2012 - $ 156,000) was acquired by means of contributed assets from the Ontario Power Generation Tunnel Project. Cash payments of $ 15,711,534 (2012 - $ 3,146,000) were made to purchase tangible capital assets.

17. Financial instruments and risk management

Fair value

The fair value of the post-employment termination benefit was determined using an actuarial valuation based on information presented in Note 6 to the financial statements.

The fair value of the power plant stabilization obligation was determined using a present value calculation presented in Note 7 to the financial statements.

Credit risk

The Commission is exposed to a credit risk by its customers. However, because of the large number of customers, credit risk concentration is reduced to a minimum.

Currency risk

The Commission has cash of $ 652,958 that is denominated in U.S. dollars. These funds have been converted to the Canadian equivalent at the rate of $ 1 U.S. equals $ 1.0427 Canadian. The Commission realized approximately 12.5% of its sales in foreign currency in 2013 (2012 – 13.9%). Consequently, some assets and revenues are exposed to foreign exchange fluctuations.

Cash flow risk

The Commission has variable rate bank overdraft facilities bearing interest which varies with the prime interest rate. Accordingly, the Commission is exposed to cash flow risks relating to potential fluctuations in market interest rates.

18. Comparative figures

Certain 2012 comparative figures have been reclassified to conform to the financial statement presentation adopted in 2013.

THE NIAGARA PARKS COMMISSION
SCHEDULE OF TANGIBLE CAPITAL ASSETS
for the year ending October 31, 2013
(in thousands of dollars)

	Land	Land Improvements	Buildings, Roadways and Structures	Equipment and Furnishings	Vehicles	Capital Works in Progress	2013	2012
Cost								
Beginning of year	$ 14,359	$ 17,135	$ 203,239	$ 40,623	$ 8,724	$ 1,860	**$ 285,940**	$ 284,942
Add additions			849	1,237	269	15,054	**17,409**	3,302
Less disposals			(1,330)	(1,255)	(5,193)		**(7,778)**	(2,304)
Transfers of capital works in progress			11,275			(11,275)		
End of year	14,359	17,135	214,033	40,605	3,800	5,639	**295,571**	285,940
Accumulated amortization								
Beginning of year			93,131	35,453	8,007		**136,591**	131,364
Add amortization			6,051	1,448	256		**7,755**	7,459
Less disposals			(846)	(1,255)	(5,160)		**(7,261)**	(2,232)
End of year			98,336	35,646	3,103		**137,085**	136,591
Net book value	$ 14,359	$ 17,135	$ 115,697	$ 4,959	$ 697	$ 5,639	**$ 158,486**	$ 149,349

THE NIAGARA PARKS COMMISSION
SCHEDULE OF TANGIBLE CAPITAL ASSETS
for the year ending October 31, 2013
(in thousands of dollars)

	Budget 2013	Actual 2013	Actual 2012
Cost of goods sold	$ 11,087	$ 11,087	$ 11,112
Salaries, wages and benefits	44,249	43,633	41,613
Sales and other	2,408	2,547	2,459
Equipment repairs and maintenance	4,284	3,947	4,235
Materials and supplies	2,417	2,260	2,209
Advertising and promotion	2,110	1,418	1,942
Facilities	6,117	5,988	5,709
Administrative	1,602	1,480	2,219
	$ 74,274	$ 72,360	$ 71,498